

Message Text

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72

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 AGR-20 CEA-02 CIAE-00 DODE-00

FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-10

PA-03 RSC-01 AID-20 CIEP-02 SS-15 STR-08 TAR-02

USIA-15 PRS-01 SPC-03 OMB-01 DRC-01 /173 W

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FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 0276

USDOC WASHDC

USTREASURY WASHDC

INFO AMEMBASSY MOSCOW

AMEMBASSY VIENNA

AMEMBASSY WARSAW

C O N F I D E N T I A L BUDAPEST 3324

E.O. 11652: GDS

TAGS: OVIP, ETRD, HU

SUBJECT: MEETING OF MR. JACKSON, OFFICE OF US SPECIAL TRADE

REPRESENTATIVE AND CHIEF OF
MINISTRY FOREIGN TRADE INTERNATIONAL
ORGANIZATIONS SECTION, JANOS NYERGES

1. IN MEETING BETWEEN JOHN JACKSON, GENERAL COUNSEL OF
OFFICE OF SPECIAL TRADE REPRESENTATIVE, AND NYERGES,
CHIEF OF MINISTRY FOREIGN TRADE INTERNATIONAL ORGANIZATIONS
SECTION, INTERESTING INSIGHTS WERE GAINED INTO HUNGARIAN
POSITION ON NEGOTIATION OF MFN AND BUSINESS FACILITATION
QUESTION.

2. NYERGES INDICATED THAT GOH DESIRES TO REACH REASONABLE
ACCOMMODATION ON ISSUES STILL SEPARATING US, AND IN
PARTICULAR MFN. HE SAID THAT HUNGARY TAKES GATT OB-
LIGATIONS VERY SERIOUSLY AND WISHES TO BE VERY CAREFUL
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THAT WHEN MFN GRANTED IT WILL BE EXTENDED ON SUCH TERMS

THAT IT WILL NOT ENDANGER AGREEMENTS WITH OTHER TRADING PARTNERS (PARTICULARLY EEC) WITHIN GATT CONTEXT. FOR GOH TO GRANT US SPECIAL CONCESSIONS COULD VIOLATE GATT MFN AND CAUSE EEC COUNTRIES AND OTHER GATT MEMBERS TO COMPLAIN THAT HUNGARY VIOLATED TERMS OF ITS MEMBERSHIP. FOR THIS REASON GOH WOULD PREFER TO HAVE MFN EXTENDED WITHIN THE FRAMEWORK OF GATT ALTHOUGH BILATERAL AGREEMENT WHICH DID NOT CONFLICT WITH CONDITIONS OF HUNGARY'S GATT MEMBERSHIP WOULD ALSO BE ACCEPTABLE.

3. ON QUESTION OF BUSINESS FACILITATION, NYERGES SEEMED TO BELIEVE THAT IT WOULD BE POSSIBLE TO REACH SOLUTION ACCSJTABLE TO US PROVIDED CARE TAKEN TO SEPARATE FACILITATION ISSUE FROM GATT CONTEXT. THIS SEPARATION NECESSARY TO AVOID DEMANDS FOR EQUAL TREATMENT BY OTHER COUNTRIES SUCH AS WEST GERMANY. IF WE ARE NOT CAREFUL, SAID NYERGES, GRANTING OF PERMISSION TO ESTABLISH OFFICES FOR A HANDFUL OF AMERICAN COMPANIES WILL RESULT IN 200 GERMAN FIRMS INSISTING ON EQUAL TREATMENT THE FOLLOWING DAY, ADDING THAT SUCH AN INVASION WOULD NOT BE IN THE US INTEREST EITHER.

4. COMMENT: NYERGES' REMARKS TO MEMBER OF SECRETARY DENT PARTY, COMING ON HEELS OF MINISTER BIRO'S ASSERTION TO SECRETARY DENT GOH NOW INSISTED ON NEGOTIATING MFN THROUGH GATT, WOULD SEEM TO INDICATE THAT GOH POSITION ON QUESTION MAY BE SOMEWHAT SOFTER ON ISSUE THAN BIRO SUGGESTED.
PEDERSEN

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